

Peggy Hunt (Utah State Bar No. 6060)
GREENBERG TRAURIG, LLC
222 South Main Street, 5th Floor
Salt Lake City, UT 84101
Telephone: (801) 478-6900
huntp@gtlaw.com

Attorneys for Court-Appointed Receiver R. Wayne Klein

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH

CENTRAL DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

NATIONAL NOTE OF UTAH, LC, a Utah
Limited Liability Company and WAYNE
LaMAR PALMER, and individual,

Defendants.

**THIRTY-SECOND STATUS REPORT
OF R. WAYNE KLEIN, RECEIVER**

*For the Quarter Ending
June 30, 2020*

2:12-cv-00591 BSJ

The Honorable Bruce S. Jenkins

R. Wayne Klein, the Court-Appointed Receiver (the “Receiver”) of National Note of Utah, LC (“National Note”), as well as certain subsidiaries and entities affiliated with National Note and the assets of Wayne LaMar Palmer (“Palmer”), hereby submits this Thirty-Second Status Report for the period April 1, 2020 through June 30, 2020 (the “Reporting Period”).

I.

ABBREVIATED PROCEDURAL HISTORY

This above-captioned civil action was commenced by the United States Securities and Exchange Commission (the “SEC”) on June 25, 2012, alleging that National Note and Palmer engaged in securities fraud.¹ After trial in 2015, the Court entered judgment against Palmer and

¹ Docket No. 1.

National Note, finding that they had engaged in securities fraud and imposing civil penalties in the amounts of \$1,050,000.00 and \$900,000.00, respectively.²

In addition, a grand jury indicted Palmer and his cousin, Julieann Palmer Martin, in 2015 on criminal charges. Both later pled guilty. On May 11, 2018, Ms. Martin was sentenced to 16 months in prison followed by three years of probation and ordered to pay approximately \$2 million in restitution. She was released from prison on August 9, 2019.

On August 31, 2018, Palmer was sentenced to 60 months in prison and three years of post-release supervised probation. Palmer reported to prison on August 14, 2019. In addition to incarceration, Palmer was ordered to pay \$52,944,855.41 in restitution to 564 investors, with at least \$500 being required to be paid each month after his release from prison. His restitution payments are being tracked by the United States Department of Justice, including with information provided by the Receiver.

II.

REAL ESTATE TRANSACTIONS

A. Sales of Real Property. All real property of the Receivership Estate has been sold and net proceeds received.

B. Formation of Owners' Association, Turnover of Elkhorn Ridge Common Area. With the closing on the sales of all 37 Elkhorn Ridge lots, the Receivership Estate no longer has any reason to retain control over the subdivision's common areas. The Receiver conducted an online election of a board of directors to form a property owners association and take control of the common areas. On April 27, 2020, the Receiver notified Elkhorn property owners that a three-person board of directors was elected. The Receiver worked with the board and its attorney

² See Docket No. 1043.

to facilitate creation of an owners' association and transfer ownership of the common areas to the owners' association. The Receiver believes his role over the common areas has terminated.

III.

DISTRIBUTIONS

A. Third and Final Distribution. On June 5, 2020, the Court issued an *Order Granting Receiver's Motion Seeking Authorization to Make Third and Final Distribution*.³ The Order authorized the Receiver to distribute approximately \$1.238 million to 239 claimants. Checks and wires were sent on June 10, 2020. As of June 30, 2020, checks and wire transfers to 192 of these claimants have cleared. These payments total \$972,405.47. Another 47 checks, totaling \$266,094.48, have not yet been cashed. Some of these checks were returned to the Receiver because the claimants had moved. Other checks have been returned needing new payees because corporate entities have been closed, new retirement custodians selected, or claimants have died. The Receiver has communicated with these claimants and re-sent these to new addresses or new payees. The Receiver informed the U.S. Department of Justice of the amounts of distribution payments made, so those payments can be credited towards criminal restitution ordered for Palmer.

B. Criminal Restitution Payments. The Receiver learned that during June, 2020, the Court Clerk has begun sending criminal restitution payments to victims. These payments represent proceeds of restitution payments being made by Julieanne Martin and funds the U.S. Department of Justice has recovered. Only a portion of National Note victims will receive restitution payments from Ms. Martin; all will receive a share of payments Palmer is required to

³ Docket No. 1478. The Motion, filed on May 19, 2020, is found at Docket No. 1475.

make upon his release from prison. The Clerk sends checks when there is at least \$50 available to a particular victim.

IV.

FINANCIAL REPORT

A. Bank Accounts. As of June 30, 2020, the Receivership's two bank accounts had the balances shown in the following table:

Account	Amount In
Operating account (checking)	\$287,524.08
Savings account	\$13,183.26
TOTAL	\$300,702.18

B. Operating Account Deposits. The only funds deposited into Receivership bank accounts during the Reporting Period were \$197.84 in interest deposited into the savings account.

C. Operating Account Expenditures. The following table shows the categories of operating expenses that have been paid from the Operating Account during the Reporting Period:

Type of Expense	Amount Out
Distributions	\$972,405.47
Bank wire fees, check printing	\$132.17
Operating expenses ⁴	\$1,031.52
TOTAL	\$973,569.16

C. SFAR. Attached as **Exhibit A** is a copy of the *Standardized Fund Accounting Report* for the Reporting Period.

D. Change in Law Firm, Administrative Expenses. During the Reporting Period, counsel for the Receiver moved to a different law firm. On May 8, 2020, the Court granted a

⁴ This included six months' rental of a storage unit, postage for mailing distribution checks, and other operating expenses.

motion authorizing the Receiver to engage Greenberg Traurig, LLC as counsel for the Receiver.⁵ For the current Reporting Period, the Receiver and his staff have spent a total of 43.4 hours on behalf of the Receivership Estate. Billable services provided by the Receiver during the Reporting Period total \$7,652.50. For the current Reporting Period, Greenberg Traurig, LLC's total fees, less voluntary reductions, are in the total amount of \$4,537.50. The Receiver intends to wait to submit a final fee application for work performed in 2020 in connection with his motion seeking to close the Receivership.

V.

CONCLUSION

As soon as all distribution checks are delivered to the correct claimants and cashed, the Receiver will seek approval to close the Receivership, including appropriate ancillary relief from the Court.

DATED this 23rd day of July, 2020.



WAYNE KLEIN, Receiver

⁵ Docket No. 1473, filed May 8, 2020. No time was billed by the Receiver or counsel for work related to change in counsel's law firm.

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the above **THIRTY-SECOND STATUS REPORT OF R. WAYNE KLEIN, RECEIVER** was filed with the Court on this 23th day of July, 2020, and served via ECF on all parties who have requested notice in this case.

/s/ Candy Long

EXHIBIT A

Wayne Klein, Receiver for National Note of Utah
PO Box 1836
Salt Lake City, UT 84110
801-824-9616

STANDARDIZED FUND ACCOUNTING REPORT

Civil – Receivership Fund

Fund Name: SEC v. National Note of Utah
Civil Court Docket No. 2:12-CV-00591 BSJ

Reporting Period 04/01/2020 to 06/30/2020

Standardized Fund Accounting Report for National Note of Utah - Cash Basis				
Receivership; Civil Court Docket No. 2:12-CV-00591 BSJ				
Reporting Period 04/01/2020 to 06/30/2020				
Fund Accounting (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 04/01/2020):	\$1,273,974.30		
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	\$0.00		
Line 3	Cash and Securities	\$0.00		
Line 4	Interest/Dividend Income	\$197.04		
Line 5	Business Asset Liquidation	\$0.00		
Line 6	Personal Asset Liquidation	\$0.00		
Line 7	Third-Party Litigation Income	\$0.00		
Line 8	Miscellaneous - Other	\$0.00		
	Total Funds Available (Lines 1 - 8)		\$1,274,171.34	
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors	\$972,405.47		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	\$0.00		
Line 10b	Business Asset Expenses	\$919.17		
Line 10c	Personal Asset Expenses	\$0.00		
Line 10d	Investment Expenses	\$0.00		
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees	\$0.00		
	2. Litigation Expenses	\$0.00		
	Total Third-Party Litigation Expenses	\$0.00		
Line 10f	Tax Administrator Fees and Bonds	\$0.00		
Line 10g	Federal and State Tax Payments	\$144.52		
	Total Disbursements for Receivership Operations	\$973,469.16		
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:	\$0.00		
	Fund Administrator			
	Independent Distribution Consultant (IDC)			
	Distribution Agent			
	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Miscellaneous	\$0.00		

	Total Plan Development Expenses	\$0.00		
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:	\$0.00		
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Investor Identification:	\$0.00		
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond	\$0.00		
	5. Miscellaneous	\$0.00		
	6. Federal Account for Investor Restitution	\$0.00		
	(FAIR) Reporting Expenses	\$0.00		
	Total Plan Implementation Expenses	\$0.00		
	Total Disbursements for Distribution Expenses Paid by the Fund	\$0.00		
Line 12	Disbursements to Court/Other:			
	Investment Expenses/Court Registry Investment System			
Line 12a	(CRIS) Fees	\$0.00		
Line 12b	Federal Tax Payments	\$0.00		
	Total Disbursements to Court/Other	\$0.00		
	Total Funds Disbursed (Lines 9 - 12):		\$973,469.16	
Line 13	Ending Balance (As of 06/30/2020):			\$300,702.18
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents	\$300,702.18		
Line 14b	Investments	\$0.00		
Line 14c	Other Assets or Uncleared Funds	\$0.00		
	Total Ending Balance of Fund - Net Assets			\$300,702.18
Other Supplemental Information:				
		Detail	Subtotal	Grand Total
	Report of Items NOT To Be Paid by the Fund:			
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
Line 15a	Plan Development Expenses Not Paid by the Fund:			
	1. Fees:	\$0.00		

	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Miscellaneous	\$0.00		
	<i>Total Plan Development Expenses Not Paid by the Fund</i>	\$0.00		
Line 15b	Plan Implementation Expenses Not Paid by the Fund:			
	1. Fees:	\$0.00		
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Investor Identification:	\$0.00		
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond	\$0.00		
	5. Miscellaneous	\$0.00		
	6. FAIR Reporting Expenses	\$0.00		
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>	\$0.00		
Line 15c	Tax Administrator Fees and Bonds Not Paid by the Fund	\$0.00		
	Total Distributions for Plan Administration Expenses Not Paid by the Fund	\$0.00		
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
	<i>Investment Expenses/Court Registry Investment System</i>			
Line 16a	(CRIS) Fees	\$0.00		
Line 16b	Federal Tax Payments	\$0.00		
	Total Disbursements to Court/Other Paid by the Fund:	\$0.00		
Line 17	DC & State Tax Payments	\$0.00		
Line 18	No. of Claims:			
Line 18a	# of Claims Received This Reporting Period	0		
Line 18b	# of Claims Received Since Inception of Fund	468		
Line 19	No. of Claimants/Investors:			

Line 19a	# of Claimants/Investors Paid This Reporting Period	192		
Line 19b	# of Claimants/Investors Paid Since Inception of Fund	433		
		Receiver: <i>National Note of Utah</i>		
		By: <i>Wayne Klein</i>		
		(signature)		
		<i>Wayne Klein</i>		
		(printed name)		
		<i>Receiver</i>		
		(title)		
		Date: <i>July 22, 2020</i>		

NNU SFAR - 2nd Quarter 2020							
Line Breakdown							
	Line 2	Line 4	Line 5	Line 6	Line 7	Line 8	Total
Rent Received	\$0.00						
Overpaid Investors					\$0.00		
National Note			\$0.00	\$0.00	\$0.00		
Real Estate Holding			\$0.00				
Royalties Received						\$0.00	
Interest		\$197.04					
Refunds						\$0.00	
Witness Fees						\$0.00	
Advances by Receiver							
	\$0.00	\$197.04	\$0.00	\$0.00	\$0.00	\$0.00	\$197.04
	Line 9	Line 10a	Line 10b	Line 10e-1	Line 10e-2	Line 10g	Total
Receivership Expenses	\$972,405.47	\$0.00	\$1,019.17	\$0.00	\$0.00	\$144.52	
Refund Deposit from Prior Period			\$0.00				
Adjustment - NNU Account			-\$100.00				
	\$972,405.47	\$0.00	\$919.17	\$0.00	\$0.00	\$144.52	\$973,469.16
	Line 14a						
National Note	\$287,524.08						
Savings	\$0.00						
High-Yield Operating	\$13,178.10						
Real Estate Holding	\$0.00						
High-Yield Real Estate	\$0.00						
	\$300,702.18						
Created by James Shupe on 7/21/2020							